

Extraordinary Cost Funding Fiscal Year 2023

Funding Available for ECF (SDCL 13-37-40)

Prior to 2014 ECF available funding was based on any funds remaining after the formula aid was fully funded and a set aside of 5.75% of the special education appropriation.

Beginning in fiscal year 2014 the appropriation for ECF was legislatively set at the amount of four million dollars (\$4,000,000) of the special education appropriation. Legislation also allowed any remaining funds not expended to be carried over to the next fiscal year, however the total amount available for ECF expenses in each fiscal year may not exceed \$5,500,000.

Ten percent of total appropriation for ECF shall be used to fund applications for supplemental aid. This ten percent is the maximum amount which can be used to fund applications for supplemental aid. If the applications are in excess of the ten percent, the secretary may adjust or prorate the requested amounts. The maximum allowable school district request for supplemental aid may not exceed \$50,000. (ARSD 24:05:33.01:11)

Application Process (ARSD 24:05:33.01:06)

A school district may be eligible to receive ECF if the district:

- Is levying for the special education fund at the maximum levy authorized by SDCL 13-37-16;
- Is not participating in Coordinated Early Intervening Services Program (CEIS using either state/local or federal funds); and
- Does not have any outstanding deficiencies pursuant to ARSD chapter 24:05:20.

An eligible school district may apply for ECF on forms provided by the Department of Education on the following web site: <https://www.doe.sd.gov/ofm/exordincost.aspx>

There are three types of applications that may be submitted by a school district to receive ECF:

- High Cost Student (expenditures for the student must exceed twice the funding level)
- High Cost Program (request must exceed \$50,000)
- Supplemental Aid (requests may not exceed \$50,000)

A district may apply for ECF based on both a high cost student and supplemental aid. However, a district may not apply for ECF for both a high cost program and supplemental aid and may not apply for ECF based on both a high cost student and a high cost program.

Priority for ECF will be given to high cost student applications.

Fund Balance Limitations (SDCL 13-37-44, ARSD 24:05:33.01:10)

An ending special education fund balance in a school district receiving ECF shall not exceed ten percent of the annual expenditures of the special education fund. A school district may reduce the amount of an approved request before payment or may repay an amount to the department of education to ensure a fund balance that meets the fund balance limitation.

ECF shall be used to fund special education expenditures which occur in the fiscal year in effect when the district submits its application.

Extraordinary Cost Fund Board (ARSD 24:05:33.01)

The department secretary shall appoint six members to the ECF review board and one legislator will be appointed by the Executive Board. Appointments to the board are limited to a maximum of five years. The secretary may also appoint board alternates to vote in place of the voting members who may have a conflict of interest.

The membership of the ECF board shall include representation from each of the following groups:

- Department of Education;
- School districts with an average daily membership of 600 or greater;
- School districts with an average daily membership of greater than 200 to 599; and
- School districts with an average daily membership of 200 or less.

The ECF board shall meet at least once annually to review all applications and shall recommend to the secretary those districts which should be approved for funding, as well as those districts which should not be approved for funding.

School districts not recommended or approved for funding may request a reconsideration of their application by submitting a written request to the department secretary. This request must be postmarked within ten days of receipt of the secretary's decision. The secretary shall respond within ten days of receipt of district request for reconsideration.

The application timeline for fiscal year 2023 is as follows:

- April 1 through April 28 School districts complete and submit applications
- Early May ECF board meets to review all applications
- May State Aid Payment Districts approved for ECF funding paid
- June State Aid Payment Approved district reconsiderations paid

History of ECF Funding

Extraordinary Cost Fund	Appropriation	Funds Requested	Funds Expended	Number of Requests
SY 2016-2017	\$4,940,197	\$4,973,283	\$4,845,535	29
SY 2017-2018	\$4,094,662	\$4,334,128	\$4,028,314	25
SY 2018-2019	\$4,066,348	\$3,016,145	\$2,939,924	22
SY 2019-2020	\$5,126,424	\$2,832,506	\$2,832,506	20
SY 2020-2021	\$5,500,000	\$2,372,208	\$2,218,361	17
SY 2021-2022	\$5,500,000	\$2,725,825	\$2,725,825	16
SY 2022-2023	\$5,500,000			

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